



Health Services

LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District


Michael D. Antonovich
Fifth District

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

December 31, 2008

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

SUBJECT: **NOTIFICATION OF THE DEPARTMENT OF HEALTH SERVICES' USE OF DELEGATED AUTHORITY**

As I advised you on December 4, 2008 (attached), agreements have been signed with the California Department of Health Care Services (DHCS) and L.A. Care to allow supplemental rate payments to the Community Health Plan for the period October 1, 2006 through September 31, 2008. These supplemental payments are to be funded through an Intergovernmental Transfer (IGT) by the County. The agreements could not be effectuated until the Centers for Medicare and Medicaid Services approved the final details of the transaction, which only occurred very recently.

Under the terms of the agreement with DHCS, DHCS is to return to the County any IGT funds not paid out to L.A. Care by December 31, 2008. This is to advise you that I intend to waive the requirement that the money be returned by that date, to allow DHCS adequate time to process the payment. Additionally, my Department has encouraged DHCS to delay making the payment. We have been advised that Congress will consider, as part of an economic stimulus package, making adjustments to the statutory formula which establishes the annual federal medical assistance percentage (FMAP). Such adjustments would increase the level of federal funds that are paid for every dollar of state/local funds expended. If payment to L.A. Care is delayed until after the new FMAP is effective, the County could achieve cost savings as high as \$7.0 million. Accordingly, it appears prudent to delay the payment at this time, although doing so will increase the amount the County must pay to L.A. Care for its lost investment income. L.A. Care concurs with this strategy.

If you have any questions or require additional information, please call me or Allan Wecker of my staff at (213) 240-7882.

JFS:hr

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

*To improve health
through leadership,
service and education.*



www.dhs.lacounty.gov



Health Services
LOS ANGELES COUNTY

December 4, 2008

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

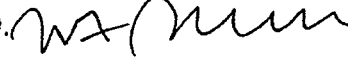
Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

SUBJECT: **NOTIFICATION OF THE DEPARTMENT OF HEALTH
SERVICES' USE OF DELEGATED AUTHORITY**

This is to advise you that the Department of Health Services (DHS) has exercised its delegated authority, approved on August 19, 2008 (agenda #18) and November 18, 2008 (agenda #28), to execute a funding agreement with the California Department of Health Care Services (DHCS) and an amendment to the L.A. Care Service agreement to provide for Local Medi-Cal Managed Care Supplemental Payments (LMSP), respectively.

The August 19, 2008 board letter allows DHS to execute, on behalf of the County of Los Angeles, an agreement with the DHCS to make intergovernmental transfers of up to \$74,670,000 to fund supplemental Medi-Cal managed care rate increases for the DHS' Community Health Plan (CHP). This agreement (No. 06-55844) was fully executed on September 22, 2008.

The November 18, 2008 board letter allows DHS to execute, on behalf of the County of Los Angeles, an amendment (No. 1) to the Service Agreement (No. 703048) between L.A. Care and the CHP. The amendment authorizes CHP to receive LMSP of \$149,340,000 and pay L.A. Care approximately \$1,000,000 in lost investment income due to the delay in the implementation of the agreements necessary to make the LMSP possible. This agreement was fully executed on November 21, 2008.

Currently, we are waiting final approval from the Centers for Medicare and Medicaid Services in order to proceed with our transactions.

If you have any questions or require additional information, please call me or Allan Wecker of my staff at (213) 240-7882.

JFS:hr

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

W:\rice\RATES\Managed Care Rates\Board Notification\Notification to the Board-MC Rates.doc

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

*To improve health
through leadership,
service and education.*



www.dhs.lacounty.gov